

**California Public Utilities Commission**  
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**PRESS RELEASE**

Docket #: I.11-02-016

**CPUC BEGINS PENALTY CONSIDERATION REGARDING  
PG&E GAS PIPELINE RECORDKEEPING**

SAN FRANCISCO, February 24, 2011 - The California Public Utilities Commission (CPUC) today began a penalty consideration phase into whether Pacific Gas and Electric Company's (PG&E) gas transmission pipeline recordkeeping was unsafe, whether it violated the law, and if so whether deficient PG&E recordkeeping caused or contributed to the pipeline rupture in San Bruno on Sept. 9, 2010.

The CPUC said it is commencing a penalty consideration phase because it must be assured that PG&E has accurate and up-to-date knowledge of critical aspects of its gas transmission pipeline system.

This CPUC began examining PG&E's recordkeeping immediately after the San Bruno explosion. The National Transportation Safety Board (NTSB) issued a Safety Recommendation on January 3, 2011, after it determined that after the rupture PG&E had incorrectly identified the San Bruno pipe as seamless, when in fact the pipe was seamed and welded pipe. The CPUC immediately directed PG&E to undertake the Safety Recommendations made by the NTSB and conduct a complete and comprehensive records search of pipeline documents in order to determine the valid Maximum Allowable Operating Pressure based on the weakest section of the pipeline or component to ensure safe operation of PG&E's pipelines. The CPUC determined today that the NTSB's reports have presented sufficient information and good cause to commence a penalty consideration phase into PG&E's recordkeeping.

“The CPUC has had staff investigating the explosion in San Bruno since the evening of the tragedy. Today’s action takes the investigation to the next step regarding recordkeeping,” said CPUC President Michael R. Peevey. “As regulators, we need to be certain that PG&E knows the types of pipelines it has in the ground and that they are maintaining their pipelines appropriately. This penalty consideration phase will allow us to determine whether PG&E broke laws or rules by failing to maintain adequate, usable records, and if so, what penalties to impose.”

“I will be closely following this case as we determine whether PG&E has violated any laws regarding recordkeeping,” said Commissioner Timothy Alan Simon. “Once the cause of the San Bruno rupture is determined, the CPUC will decide if any additional formal penalty considerations should be commenced.”

“The opening of this penalty phase today is an important part of the CPUC’s ongoing response to the San Bruno tragedy,” said Commissioner Mike Florio. “We are working hard to determine the cause of the San Bruno pipeline rupture, but in the meantime we are taking an aggressive look at all factors related to pipeline safety.”

During the penalty consideration phase, an Administrative Law Judge (ALJ) will be assigned to the case and will hear testimony related to the safety and lawfulness of PG&E’s recordkeeping for the San Bruno transmission pipeline and for other PG&E transmission pipelines. Based on the record that will be developed, the ALJ will prepare a Proposed Decision for consideration by the CPUC’s Commissioners, which could include statutory fines and penalties against PG&E, if warranted, of up to \$20,000 per each day of a continuing violation of law.

The order voted on today is available at

[http://docs.cpuc.ca.gov/published/FINAL\\_DECISION/131209.htm](http://docs.cpuc.ca.gov/published/FINAL_DECISION/131209.htm). Appendix A to this document is available at [http://docs.cpuc.ca.gov/published/FINAL\\_DECISION/131210.htm](http://docs.cpuc.ca.gov/published/FINAL_DECISION/131210.htm).

Information about the CPUC’s work related to the San Bruno rupture and pipeline safety is available at [www.cpuc.ca.gov/PUC/events/sanbruno.htm](http://www.cpuc.ca.gov/PUC/events/sanbruno.htm).

For more information on the CPUC, please visit [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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